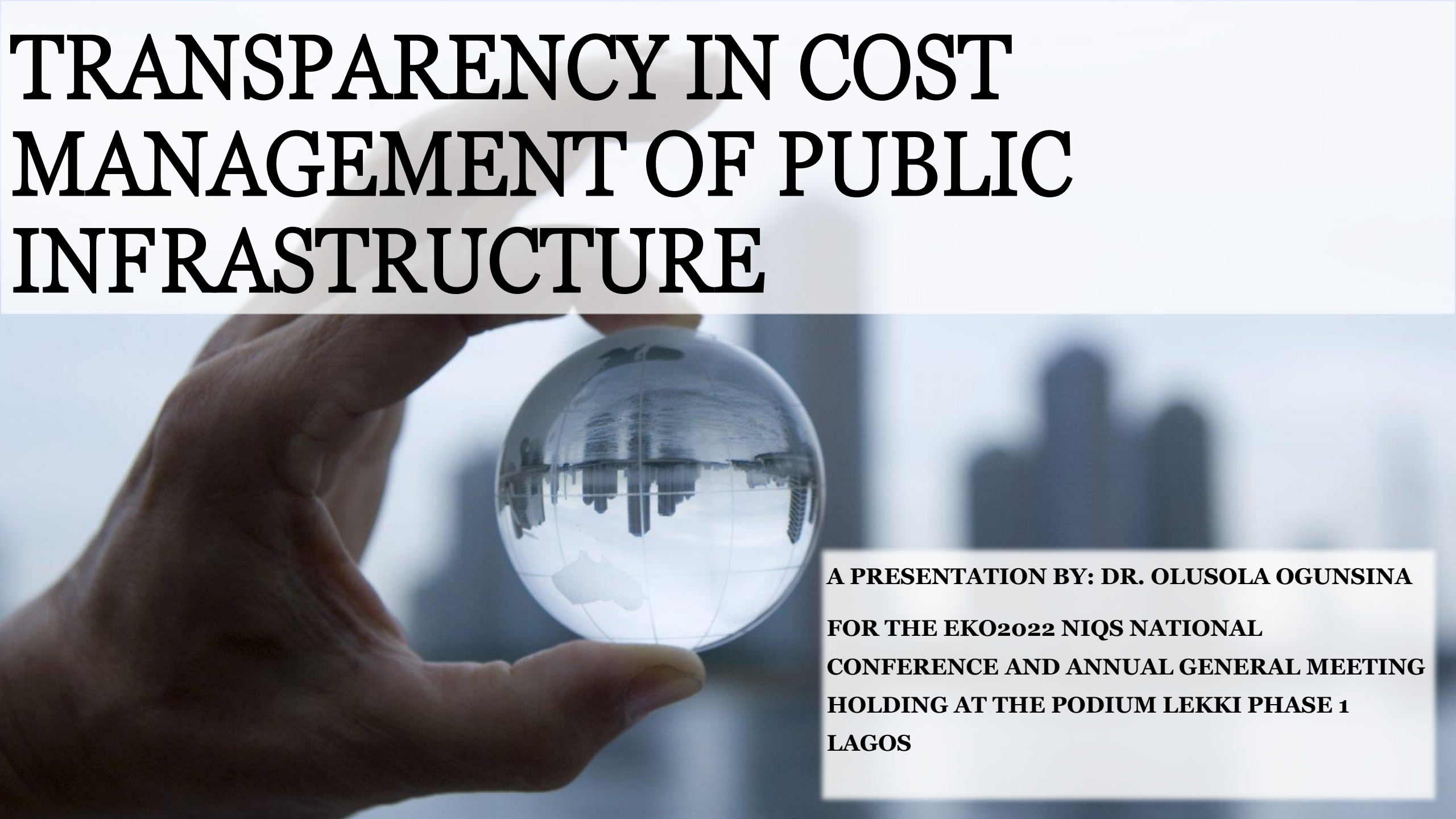


TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE

A hand is shown holding a clear glass globe. The globe reflects a cityscape with several tall buildings. The background is a blurred cityscape with more buildings under a light sky.

**A PRESENTATION BY: DR. OLUSOLA OGUNSINA
FOR THE EKO2022 NIQS NATIONAL
CONFERENCE AND ANNUAL GENERAL MEETING
HOLDING AT THE PODIUM LEKKI PHASE 1
LAGOS**



- ❑ THE Civil Society Legislative Advocacy Centre, CISLAC, and Transparency International, TI, released the 2021 Corruption Perception Index, CPI, indicating that Nigeria scored **24 out of 100 points** in the 2021 CPI.
- ❑ Nigeria now has about **20 million out-of-school children**, according to the latest global data on out-of-school children by the United Nations Educational, Scientific and Cultural Organization (UNESCO).
- ❑ THE National Bureau of Statistics said that **133 million (63 per cent) Nigerians are suffering from multidimensional poverty**, with children constituting more than half of poor people in the country.



TRANSPARENCY-CENTERED PPP

- P: Societal **PROBLEM** identification
- P: **POLICIES** that are crafted to solve such problems
- P: Policy-implementing **PROJECTS**



LOGIC

THE LOGIC BEHIND THE SOLUTION

- **WHAT** is transparency in cost management of public infrastructure?
- **WHY** transparency in cost management of public infrastructure?
- **HOW** can transparency in cost management of public infrastructure be achieved?

WHAT IS TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE?

THREE CONCEPTUAL FOUNDATIONS

- **PUBLIC INFRASTRUCTURE**
- **COST MANAGEMENT**
- **THE TRANSPARENCY CONCEPT**

PUBLIC INFRASTRUCTURE



Bridge



Buildings



Electrical



Water



Dams



Roads



Telecommunications



Gas



Oil/petrochemicals



Airports



Tunnels

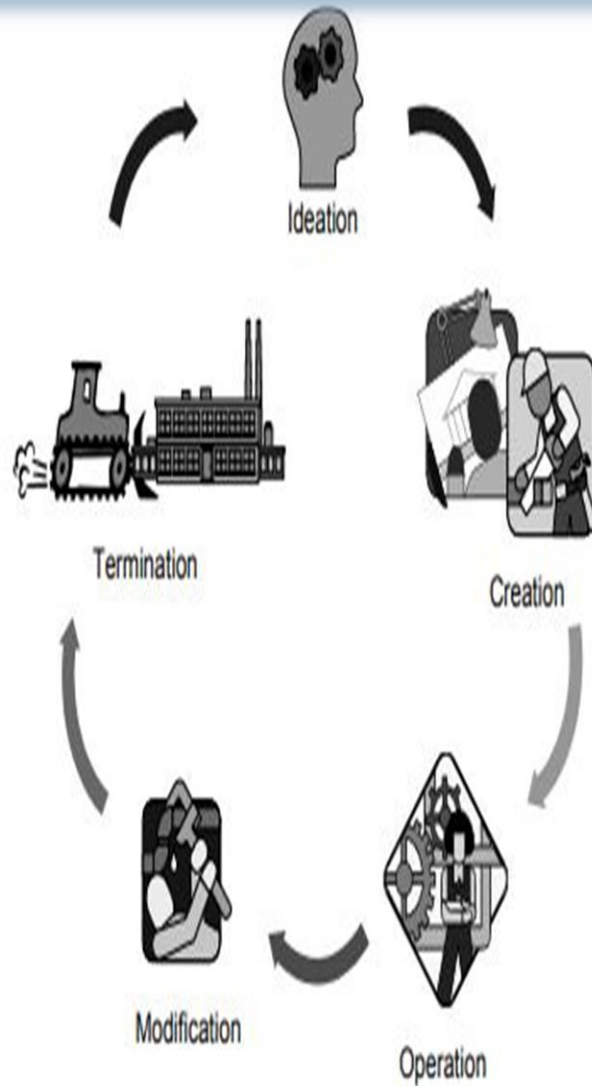


Rail

Public infrastructure refers to facilities, systems, structures and the supporting workforce that are developed, owned and operated by the government for the smooth flow of an economy's day to day activities and enhancing the citizen's standard of living. (CFITeam 2021 & RICS 2017)

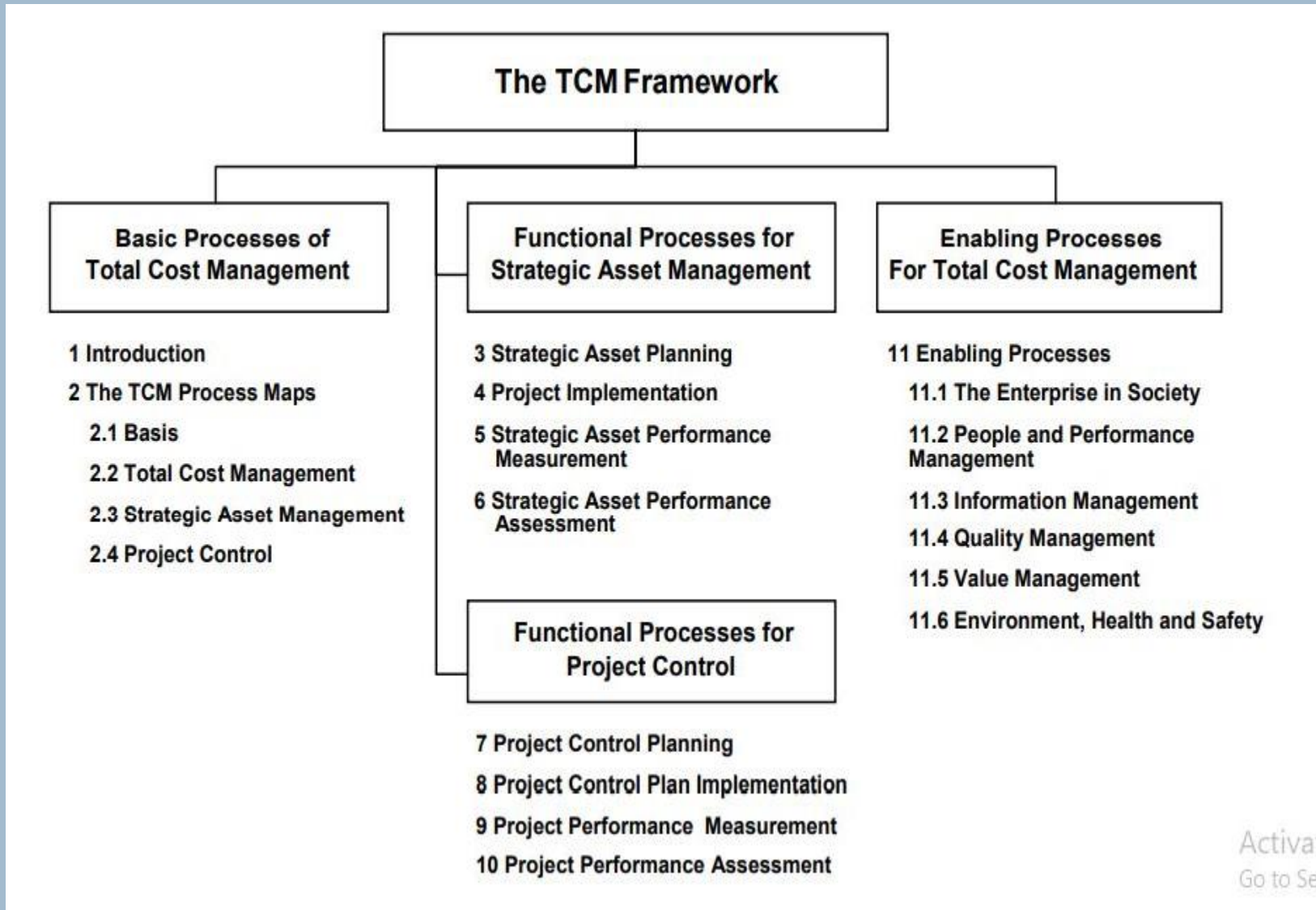
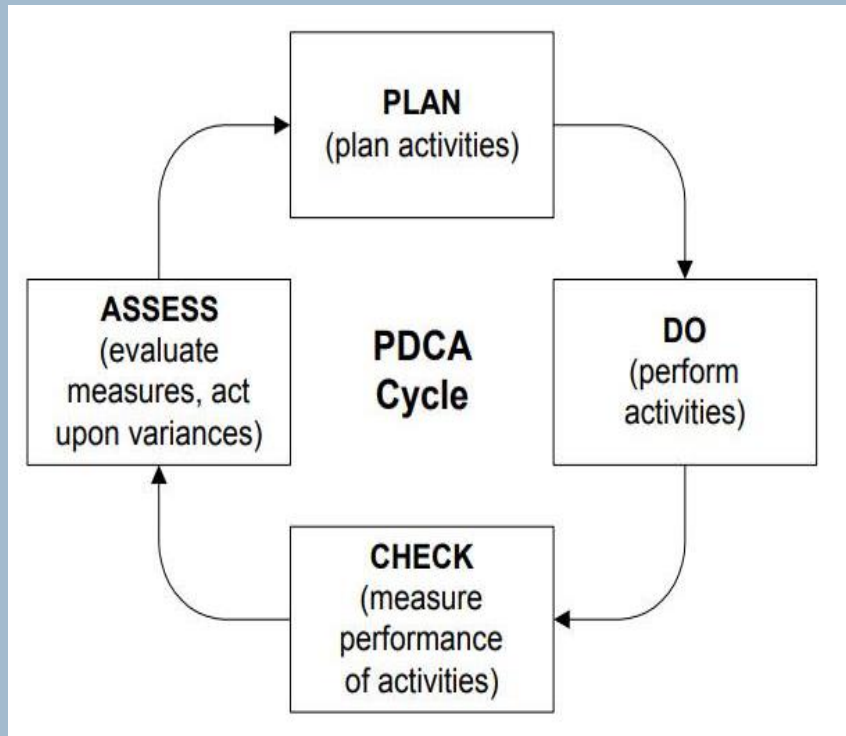
It also includes infrastructure assets and services owned and operated by the private sector, but where the government has created the overarching policy and regulatory framework, or possibly retains a contingent liability for the infrastructure assets and continued service provision" (Poole et al. 2014).

TOTAL PUBLIC INFRASTRUCTURE COST MANAGEMENT

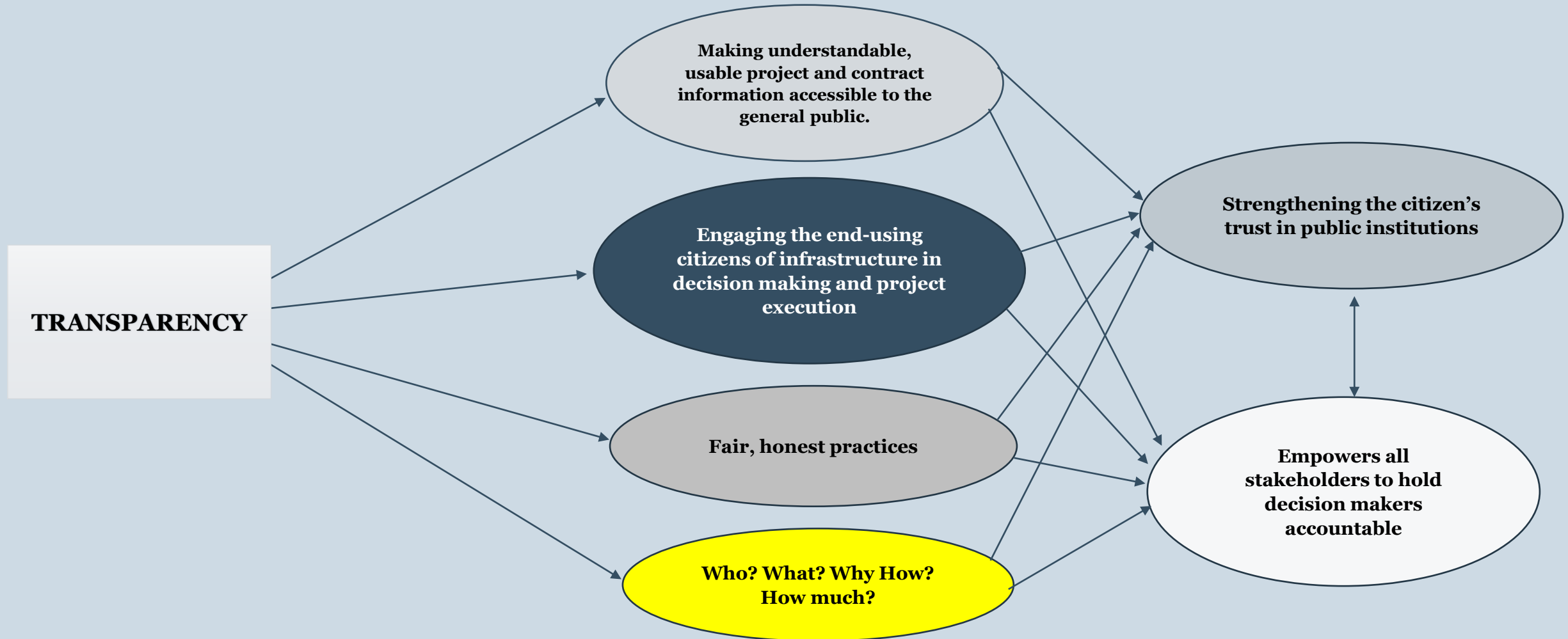


- A systemic approach to cost management and control of resources invested in public infrastructure procurement, right from project ideation through to facility decommissioning with the goal of minimizing the totality of transaction, capital construction, operation environmental and social costs.
- The application of technical and professional competencies to planning, managing, and controlling resources, costs, profitability and risks (AAE International, 2006; Nicoletti & Andreoli (2014)).

TOTAL PUBLIC INFRASTRUCTURE COST MANAGEMENT



THE TRANSPARENCY CONCEPT



TRANSPARENCY DERIVATIVES

The concept has given rise to a number of innovations

- ❑ **OPEN SOURCE CODING/open source software** where codes underpinning software are made accessible to users who are able to tweak with the code to suit their purpose.
- ❑ **RADICAL TRANSPARENCY** is a management method where employees could see through every action and decision making within the organization, including decisions made by top executives.
- ❑ **OPEN GOVERNMENT**, based on innovative and sustainable public policies and practices have been inspired by the principles of transparency.

TRANSPARENCY DERIVATIVES (CONTD)

The concept is at the heart of global organizations like:

- Transparency International (TI)
- Construction Sector (Now Infrastructure) Transparency Initiative (CoST)

and contracting philosophies like:

- Open contracting
- Strides by Nigerian state at improving public procurement.



**TRANSPARENCY
INTERNATIONAL**

Transparency International (TI)

- TI is a global movement working in more than 100 countries to end the injustice of corruption.
- TI , an independent, non-governmental, organization popularly known for his Corruption Perception Index(CPI), is driven by the pursuit of transparency.
- By means of advocacy, campaign and research, the organization works to expose the systems and networks that enables corruption to thrive, demanding greater transparency and integrity in all areas of public life.
- Using integrity pact TI works with contracting authorities to monitor infrastructure projects

Construction Sector (Now Infrastructure) Transparency Initiative (CoST)

- ❑ CoST, originally named Construction Sector Transparency Initiative, but now labelled Infrastructure Transparency Initiative is an international multi-stakeholder initiative funded by the UK Government, UNDP and the Dutch Ministry of Foreign Affairs**
- ❑ CoST enables a multi-stakeholder approach in the disclosure, validation and use of infrastructure data by:**
 - ✓ Making infrastructure transparency and accountability the norm, integrating it into each country's standard systems and practices.**
 - ✓ Informing and empowering citizens and other stakeholders to hold decision-makers to account by helping to put infrastructure data and information into the public domain.**

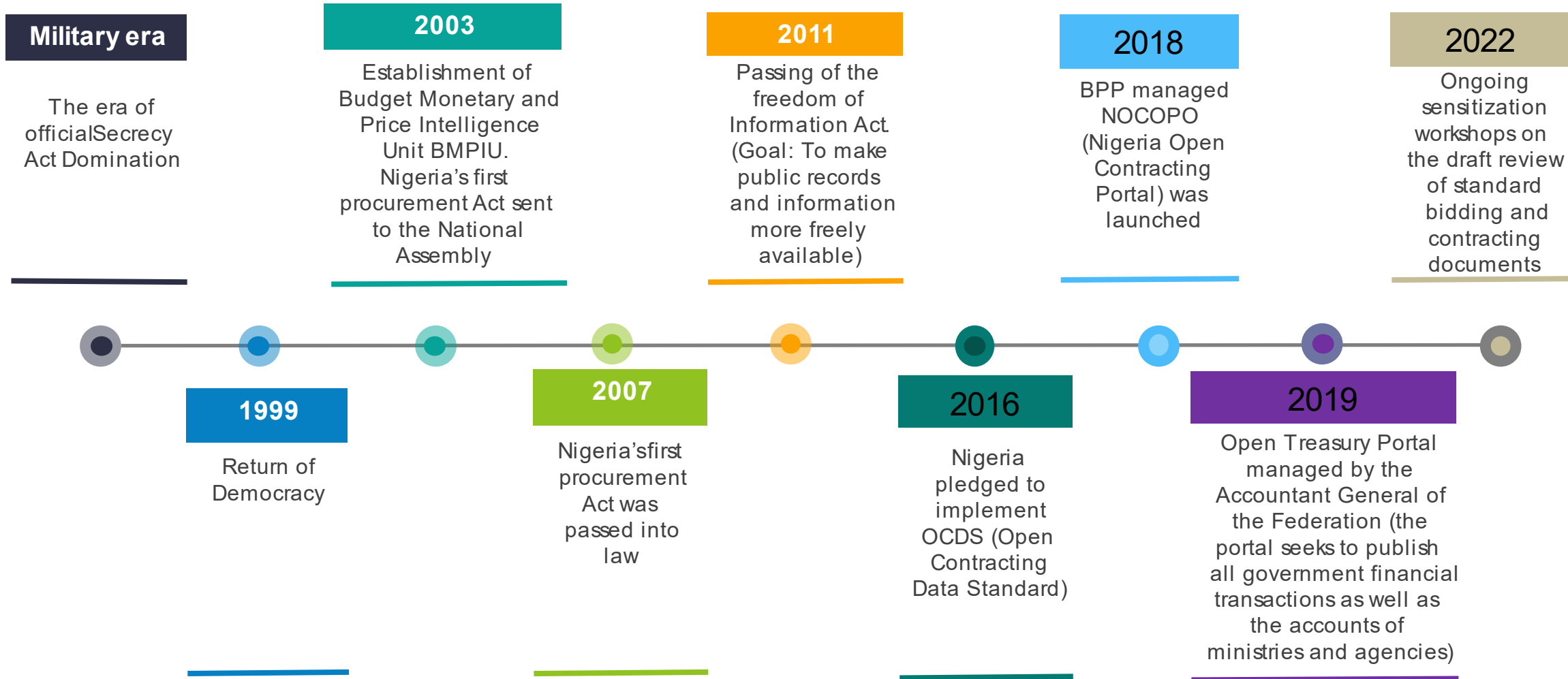
OPEN CONTRACTING

Open contracting is about publishing and using open, accessible and timely information on public contracting to engage citizens and businesses to fix problems and deliver results by:

- Engaging public, private, civil society or other sectors to use procurement information and smarter processes to deliver better public goods, works and services.**
- It is about inviting stakeholders in to listen and respond to their needs, expanding equity, sustainability and economic opportunities.**
- It is also about open data, and how sharing timely, user-friendly and accessible information can improve monitoring, feedback and – overtime – trust (Open Contracting Partnership).**

NIGERIAN STATE EFFORT AT IMPROVING PUBLIC PROCUREMENT

MILESTONES IN PROMOTING TRANSPARENCY IN PUBLIC PROCUREMENT IN NIGERIA



WHY TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE?

Public infrastructure procurement involves multiple agency relationships at distinct levels

Agency problems associated with the multiple agency relationships include:

- Lone competition**
- Collision among bidding contractors**
- Exploitative pricing of works partly driven by a desire to pay back agents and facilitators**
- Cases of ghost projects**
- Poor quality works**
- 30% - 53% of infrastructure investment is lost to agency problems.**
- Transparency in PICM (access to better and integrated data) minimizes the incidence of these problems .**

WHY TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE?

Allocations to Key Sectors in the Proposed 2022 FG Budget



Breakdown

Units in Naira

Infrastructure*

Total

1.21tn



481.9bn

301.2bn

205.8bn

78.9bn

151.6bn



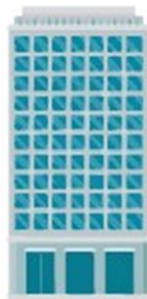
Aviation



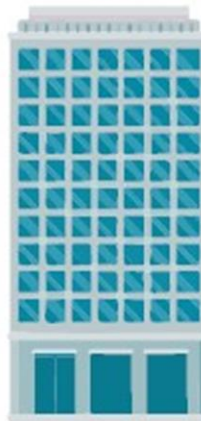
Water Resources



Transportation



Power



Works & Housing

- ❑ “Public contracting is probably the largest marketplace on earth with Government around the world spending 13 trillion dollars with companies every year covering one in every three dollars spent by government; an estimated 15 percent of global GDP” (Handforth; 2021 Kenny,2014).
- ❑ In Nigeria’s 2022 budget, 1.21trillion Naira was allocated to public infrastructure.

WHY TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE?



- **While the regulatory framework for public infrastructure development has improved, there are still opportunities for improvement in the regulation and practices.**
- **The bundling of infrastructure cost mgt services with engineering design and supervision.**
- **the absence of regulatory cost mgt standards**
- **deployment of transparency promoting technologies**
- **Engagement of procurement academia as observers**
- **Enforcing/promoting compliance with the Act**

ACHIEVING TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE

[Transparency Framework final.docx](#)



ACHIEVING TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE – PRESCRIPTIONS 1

- ❑ Individual quantity surveyors should uphold the use of transparency-promoting tools and processes and deliver services to the highest of professional standards. Discuss with examples.
- ❑ The NIQS should revisit extant strategies in making inroads into the cost management of engineering infrastructure, make a fresh case and push for the engagement of accountable and independent cost management consultants on all infrastructure projects.
- ❑ The NIQS should set up a transparency team to work as the NIQS civil society arm for promoting transparency and seek an observers status on every infrastructure project procured by the government. Cite and discuss the [Budeshi platform](#).

ACHIEVING TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE – PRESCRIPTIONS 2

- The NIQS should push for the use of existing local CM standards and domestication of international CM & contracting standards and mechanisms as regulatory tools in public infrastructure procurement.
- Examples of such local standards is the BESMM4R.
- International standards in this category includes :
 - ICMS: The International Cost Management
 - CoST IDS: CoST infrastructure Data Standard Format.
 - OCDS: Open Contracting Data StandardStandard



ACHIEVING TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE – PRESCRIPTIONS 3

- ❑ Qs in academia should support the efforts of the NIQS by researching and creating deliverables that promote transparency in cost and procurement mgt of public infrastructure. The Integrity Pact as a good example.
- ❑ The Integrity Pact: An integrity pact is a transparency promoting mechanism invented by TI to ensure that contractees and contractors operate within the boundaries established by law, address corruption risks and engender trust in public infrastructure project.
- ❑ So the pact is a public agreement in which the parties commit to abstain from corrupt behaviors, enhance transparency and integrate a civil society-led independent mechanism to monitor compliance and the agreement itself

ACHIEVING TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE – PRESCRIPTIONS 4

- ❑ Relevant metrics include Transparency Index and value-for-money metrics in public infrastructure procurement.**
- ❑ The NIQS could use the index to assess and reward transparency on projects. Relate the PPDC example.**
- ❑ Implement living curricula in our colleges, polytechnics and universities.**
- ❑ The NIQS should develop cost database for infrastructure cost mgt and encourage members to contribute data to such database.**

ACHIEVING TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE – PRESCRIPTIONS 5

- The regulatory QSRBN should seek an extension of its regulatory role to include the protection of the financial and contractual interest of the government/public infrastructure procurement in ways that complement existing regulatory provisions.**
- Regulate the role of social capitalists/contact brokers/ agents in the infrastructure procurement process rather than shy away from it.**
- Reward local watchdogs and transparency-promoting civil society organization.**

ACHIEVING TRANSPARENCY IN COST MANAGEMENT OF PUBLIC INFRASTRUCTURE – PRESCRIPTIONS 6

- ❑ Use volunteering and community effort in building the infrastructure for promoting transparency in cost management of public infrastructure. Wikipedia, Linus , Android as examples.**
- ❑ Explore a tripartite collaboration among NIQS and QSRBN (content creators) could collaborate with BPP(technology platform provider) along this line.**
- ❑ Collect and organize productivity information into big databases with API.**
- ❑ Try these prescriptions experimentally using pilot projects and similar schemes.**

CONCLUSION

- ❑The condition of the goat of the Nigerian state ,our strategic assets , is bad.**
- ❑The rescue of the goat of the Nigerian state lies to a large extent in the pursuit of transparency in the 3 Ps identified at the beginning.**
- ❑As infrastructure cost management professionals we must push the frontiers of cost management practice to embrace all infrastructure categories while delivering/seeking to minimize the totality of the 4 components of infrastructure costs – transaction cost, capital cost, operation cost and environmental cost.**

CONCLUSION

- ❑ Our cost management training contains a lot of tools, processes and subprocesses for promoting transparency in infrastructure procurement.**
- ❑ We must learn to use these tools throughout the infrastructure procurement process, from ideation to facility decommissioning as we rebrand as the transparency champion of public infrastructure.**
- ❑ We will need a collaborative, win-win, citizen-focused approach with our engineering colleagues in seeking a law-backed role for the independent cost management professional.**